

Is Southern Ireland a neo-colony?

Kieran Allen



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summer 1990.

Introduction

CONSERVATISM AND BIGOTRY have dominated Irish politics since the establishment of two states in 1922. 'The carnival of reaction' that the great Irish socialist James Connolly warned against has confronted Irish workers with a vengeance.

In the south this conservatism fed off the backwardness and underdevelopment of the economy. Up to 1957, 38 per cent of the Irish population worked on the land; 41 per cent were either self-employed or were relatives assisting the self-employed.¹ A mere 5 per cent of married women were in paid employment before the late 1960s.² The shortage of industrial jobs and the huge toll of emigration which took away the most discontented ensured the domination of the right-wing Fianna Fail party, which adhered to rural values, Catholicism and vigorous anti-communism.

In the north the existence of an Orange State—with government both centrally, at Stormont, and locally dominated by the Orange Order—was the key to the maintenance of reactionary politics. The high levels of discrimination against Catholics in housing and jobs were used to persuade Protestant workers that they had a stake in supporting both their employers and unity with a decaying British empire. The Catholic population was simply terrorised into a resentful submission—until the beginning of the civil rights movement in 1968.

The revolt of northern Catholics, which has been sustained in one form or another since then, has posed a threat to the conservative political structures on the island. This could be seen most obviously when the movement of northern Catholics was at its height. In 1972 the fall of the hated Stormont regime dealt a huge blow to the ideology of Unionism, part of whose base was the racist notion of the submissive Catholic. In the same year the southern state passed the notorious Offences Against the State (Amendment) Act, which allowed the police to hold suspects for up to seven days; it dismissed the RTE television authority for interviewing the IRA chief of staff and implemented Section 31 of the Broadcasting Act, which has kept the southern airwaves 'clean' of subversive forces. Ever since then it has armed itself to the teeth with some of the most repressive measures in Western Europe. The number of police in the south has almost doubled, rising from 6,532 in 1970 with 230 civilian support staff to 10,869 in 1983 with 630 support staff.³

The southern state has been singularly successful in holding the line over the past two decades. Repression was merely one element of the

equation. Until 1979, southern Ireland was also one of the fastest growing economies in Europe. Real incomes doubled between 1957 and 1980.⁴ Employment in industry increased by 28 per cent and emigration was reversed. Moreover, as we shall see, the expansion of the southern economy by opening it to foreign capital did not lead, as many republicans believed, to a situation where southern workers would be confronting *British* bosses.

But the crucial factor in the growing gap between southern workers and the struggle of northern Catholics has been the politics of the republican movement. Until the late 1970s the Provisional IRA and its political wing Sinn Féin openly held class politics in contempt. The movement began life 20 years ago as a right-wing nationalist organisation in response to the failure of the Stalinist-dominated Official IRA to take up the struggle against the Orange State. In 1971, for example, the movement's youth wing, the Fianna Éireann, stated its opposition to socialism in the following terms:

The doctrine of Karl Marx is contrary to the Fianna teaching. It is contrary to the Fianna declaration which states: 'I _____, pledge my allegiance to God and to the Irish Republic'... Marx also stated that the working man has no country. We of Na Fianna for the most part are the sons of the workers but we have a country and we love it dearly. We can in no way be associated with International Socialism. Our allegiance is to God and Ireland...⁵

Despite such right-wing attitudes, revolutionary socialists in the 1970s took the side of republicans against British imperialism, in the same manner that socialists supported the ANC in South Africa despite the reactionary and monarchist policies of its early days.⁶ But the right-wing politics of the early Provisionals cut them off from the only force that could have brought victory: the southern working class. As a result, for much of the 1970s the Provisionals fought primarily as a military organisation. Their organisation in the south was mainly a support network for the struggle against the British 'up there'.

The 1980s have brought a major change in the direction of the republican movement, with a shift to the left. Its leadership have made a determined effort to align it with the politics of Third World freedom movements such as the Sandinistas in Nicaragua or the ANC in South Africa. There were, of course, limitations to this left turn—limitations that flow inescapably from republican politics. Thus the Sinn Féin leader Gerry Adams claimed that 'there were no Marxists in Sinn Féin'. But one positive development was a new view of the south.

Left-wing republicans today have come to recognise that the south is the key to releasing the log jam of their 20-year struggle. To a large extent this has brought a recognition that they need to raise a version of radical politics. Thus *An Phoblacht/Republican News*, the weekly paper of the republican movement, now devotes considerable space to the social and economic struggles of the south.

But what is the nature of the argument that left republicans put to southern workers? How does it differ from that advanced by Marxists?

These have become crucial questions for all those who seek to overthrow the two reactionary states in Ireland.

The republican analysis of the south rests on the assumption that it remains a neo-colony of Britain. Thus in Gerry Adams' book *A Pathway to Peace* we are simply informed that 'Ireland is a colony of Britain'. The north is a direct colony, and the south,

while maintaining the symbols of political independence, is in reality a neo-colony. The British government by its direct control of a part of Ireland exerts a political influence over all of Ireland, ensuring through partition that Irish politics are neutralised and distorted with British political influence maintained.⁷

The notion that the British are still in control of the south, albeit from behind the scenes, is important for republicans. It allows the organisation to present a vague populist programme that avoids the realities of class politics. The fight for 'economic independence' is simply added to the fight for political independence. With Britain in effective control of the south, nationalist politics, it is claimed, have an immediate and direct relevance to southern workers.

Adams also uses the analysis of the south as a neo-colony to argue for an all-class nationalist alliance. Because the political structures of the southern state are dominated by Britain, he says, sections of the Irish capitalist class have an objective interest in opposing British control. Thus *A Pathway to Peace* argues that the neo-colonial structures 'curb and contest Irish economic interests and prevent them developing into a threat to British economic interests'.⁸

In line with this view Adams and Sinn Féin have argued for a broad mass movement 'to unite workers, including small farmers and small business people'.⁹ Many of the latter are to be found in the ranks of the Fianna Fáil party at local level. Not surprisingly therefore, much of Sinn Féin's political agitation has consisted in looking to the 'rank and file' of Fianna Fáil in order to draw them into the fight against extradition and other campaigns.

The notion that the 'Brits' control Irish industry, banking and parliament has a popularity far beyond republican circles. The Irish rich have been singularly successful in disguising themselves as part of the 'plain people of Ireland'. Thus spokespersons for Fianna Fáil constantly revel in the claim that Ireland is not as 'class-ridden as Britain'—this despite the fact that a mere 4 per cent of the children of unskilled manual workers go to Third Level colleges in southern Ireland. In a survey of the indices of inequality of gross income, southern Ireland ranked third out of eleven OECD countries.¹⁰ The survey showed greater inequality of wealth than Britain, the United States and Japan. The nationalist ideology of the south has sought to disguise class differences and to displace the resentment of the population on to the machinations of the British.

British imperialism has played and continues to play a crucial role in Irish politics. But none of this alters the fact that there exists an indigenous capitalist class in southern Ireland, which has a state machine that acts in

its interest. Masking this reality with claims that sections of Irish capitalism are still oppressed by the allegedly neo-colonial structures of the southern state represents a major block to the emergence of class politics in the south.

This pamphlet is written from the perspective of one who believes that class politics is the key to the fight against the Orange State in Ireland. It presents a basic Marxist analysis of the nature of the southern state and its economy.



Sinn Féin leader
Gerry Adams
with Martin
McGuinness
(right)

Why is southern Ireland underdeveloped?

SOUTHERN IRELAND remains one of the poorer countries in Western Europe. Its gross national product per head is 63 per cent of the average for the European Community; only Greece and Portugal are lower.¹ One third of its population live below the poverty line. It has experienced a catastrophic pattern of emigration for more than a hundred years. In the 1980s, for example, an average of 30,000 people left the country each year. It owes an enormous debt to local and foreign bankers. At one stage in the 1980s it had the fourth highest debt per head of population in the world. All of these signs hardly reflect a 'normal' advanced economy.

Why, then, is southern Ireland underdeveloped? Nationalist historians have traditionally pointed to the role of Britain. Thus the influential nineteenth-century historian Froude claimed that 'the mere rumour of a rise of industry in Ireland created a panic in commercial circles in England.'² The first major Irish economic historian, George O'Brien, emphasised the political manoeuvres of the British government as the key factor. He argued that Ireland's economic decline arose from the policy of the British government of 'assimilating the institutions of Ireland and Great Britain as rapidly as possible'.³

The traditional nationalist interpretation of history is open to attack on many fronts. By stressing the purely political causes of Irish underdevelopment it implied that Irish self-government would be sufficient to break the pattern of underdevelopment. Moreover it painted a picture in which all Irish Catholics were equally oppressed. A whole generation of Irish schoolchildren were brought up on stories of the injustice of the Penal Laws, by which a jumped-up Protestant could force a noble Catholic lord to sell him his horse for £5. The vast majority of Catholics were too poor to own a horse in the first place—but that wasn't the point.

James Connolly's **Labour and Irish History** struck a major blow against this form of nationalist history. Later historians have also shown how the Irish Catholic rich amassed considerable fortunes under the British empire. Maureen Wall's studies of the Catholic middle class have shown how the Catholic rich were driven out of landed property by the Penal Laws but still prospered through trade and moneylending. Catholic merchant families such as the Roches in Limerick and the Bellews in Galway were wealthy. In 1792, Edward Byrne of Dublin was contributing £80,000 annually in revenue to the state.⁴

A pamphlet produced by one Alexander the Coppersmith in 1737

complained of the Catholic merchants of Cork 'whose diligence being more and luxury less than the Protestants will at last swallow up the whole of the trade and suck the marrow out of the city'.⁵ During the period of revolutionary upheaval in the 1790s, the Catholic Committee, which organised the rising Catholic bourgeoisie, issued a statement to claim that 'The Committee would suffer more by one week's disturbances than all the members of the two houses of Parliament'—whose members were all landlords.⁶

Criticism of the nationalist accounts of Irish history has revealed the class character of those who came to lead the Irish national movement. There never was a fight between an undifferentiated mass of the Irish Catholic poor and the British empire. The Irish capitalist class used the cry of 'national unity' against the British to disguise their own future rule. As Connolly put it:

every oppressor of the poor, every heartless sweater [employer of sweated labour], every enemy of progress and champion of reaction feels perfectly safe in Ireland as long as the cry of 'national unity' paralyses the hand of the friend of progress and forbids open war against the Irish oppressor.⁷

But for socialists the mere recognition of a hypocritical Irish capitalist class does not negate the historical validity of the Irish nationalist struggle. The British empire was the largest and most powerful military machine of its day. On a world scale it represented a bulwark of reaction. And it was responsible for the systematic underdevelopment of Ireland, just as it played a major role in stunting and distorting the economies of India, Egypt and China. The particular mechanisms by which the empire contributed to the underdevelopment of Ireland may not be those that nationalist historians have described. Yet neither was the historians' argument pure fantasy.

The role of Britain in Ireland's underdevelopment has come under sustained attack from the 'revisionist' school of Irish historians. The most popular historian of this school, Roy Foster, simply portrays a benign empire that is constantly tripped up by Irish romantics and fanatics. Foster claims that the 'institutionalised Anglophobia' that arose after the Famine of 1847 was not justified. Irish underdevelopment, he argues, occurred because 'Ireland's reputation dissuaded potential investors'. It was the 'insecurity of property' that prevented capitalist manufacturers from investing in Ireland.⁸

Joseph Lee, the author of *The Modernisation of Irish Society*, argues that Ireland was underdeveloped because 'Irish manufacturers were not psychologically prepared for expansion'.⁹ In this school of thought the role of Britain is constantly played down. The economic historian L M Cullen argues, for example, that 'the Act of Union' of 1800 was 'in no way responsible' for the collapse of Irish industry in the 1820s.¹⁰

These revisionist attacks have been given a pseudo-Marxist gloss in Ireland by the Workers Party. In *The Irish Industrial Revolution*, the Workers Party argues that Irish underdevelopment was caused by a 'lazy bourgeoisie'. It claims that 'the Irish national bourgeoisie were, and are, by any standards the most avaricious and lazy ruling class ever seen in the

European polity'.¹¹ The Irish rich, it says, refused to put their capital to work productively and invested in banking and property speculation instead. Echoing Lee's notion of their psychological unwillingness to advance manufacturing, the Workers Party claims that the wealthy Irish valued the professions more than industry. They thus produced 'speeches instead of steel and oratory instead of ore'.¹²

The Workers Party's attack on the Irish bourgeoisie is entirely a moral one. It provides no explanation as to why the Irish bourgeoisie might be so lazy nor why they 'refused' to build a manufacturing base like every other capitalist class in Europe. We are left with the idea that they were lazy because they were Catholic. This explanation leaves Britain out of the history of Irish underdevelopment and is patently one-sided.

In fact the relationship with the British empire is one of the central factors explaining the underdevelopment of Ireland. Ireland was Britain's oldest colony and experienced many of the shifts and changes that went to build up the British mainland as the 'workshop of the world'. Control over colonial trade played a major role in establishing Britain as the world's first industrial power. In 1775, on the eve of the industrial revolution, colonial trade amounted to a third of British commerce.¹³ This was rigorously defended against all-comers by the mercantilist policies of the British state—and Ireland was one of the first countries to suffer.

In 1696 the Navigation Acts prohibited Ireland from direct trade with the colonies. Trade in foodstuffs or cotton between Ireland and, for example, Jamaica had first to pass through English ports such as Bristol. In 1699 Ireland was prohibited from exporting woollen goods—in order to minimise competition with this mainstay of English industry. In 1735 and 1746 orders were passed prohibiting the export of Irish glass.

When these restrictions were removed as the empire was weakened during the American War of Independence, Irish industry did grow. New techniques of organisation and new forms of technology also contributed to this. Between 1785 and 1799 exports from Ireland to England rose from £1 million to £5.6 million.¹⁴

By the time of the industrial revolution therefore, Ireland had made some steps towards industrialisation, albeit at a far slower pace than Britain because of the previous restrictions on trade. When Marx was preparing an outline report on the Irish question for the First International he noted that in Kilkenny, for example, there were 56 blanket manufacturers employing 3,000 workers; that there were 2,500 calico looms at work in Balbriggan, County Dublin; that there were 6,000 weavers, combers and hosiers in Cork.¹⁵ Lord Castlereagh estimated that there were between 30,000 and 40,000 workers in the cotton industry.¹⁶ The vast bulk of these were engaged in domestic outworking or in the most rudimentary stages of manufacture. So, as L M Cullen has stated, far from the country being left to rot in rural backwardness by a 'lazy bourgeoisie', 'it was not because Ireland was a non-industrial country but because she was an industrial country' that she had more to lose from the coming industrial revolution.¹⁷

By the 1820s however this first flicker of industrial development had been quashed. Ireland was reduced to an impoverished state with a vast

peasantry whose staple diet was potatoes. Many factors were involved. The introduction of the power loom in Britain wiped out competition from domestic weavers. Ireland's lack of natural resources in coal and iron was a handicap. But none of these issues can be separated from the fact that Ireland's relationship to the empire inevitably forced it to specialise in agricultural produce.

Countries made the transition to capitalism in the nineteenth century under the aegis of a nation-state. It was the state that passed laws to drive surplus labour from the countryside into industry; opened colonies that provided sources for the primitive accumulation of capital; guaranteed protection against commercial rivals. At no point did an Irish state play such a role in forcing the pace of capitalist development—since Ireland's involvement with the empire meant that it was British capital that was stimulated and protected.

Here the Act of Union of 1800 did play a central role. Firstly and most obviously, under the Act Ireland had to contribute two-seventeenths of the cost of maintaining the empire. The impoverished colony was supposed to pay tax on a basis equal with the metropolis. Throughout the nineteenth century, therefore, tax per head in Ireland increased by 140 per cent while it decreased by 25 per cent per head in Britain.¹⁸

Secondly, the Act of Union reduced tariffs on imports into Ireland to 10 per cent (with a number of exceptions allowed up to 1820). The result was that the massively expanding British economy was able to destroy Irish industry, which lacked the protection of its own state. In the economic crisis of the 1820s, Irish industry was literally wiped out by the unfettered competition from English manufacturers. In 1825 three million yards of woollen cloth were imported; by 1835 this had risen to eight million. By 1838 the Irish woollen industry was supplying only 14 per cent of its own domestic market.¹⁹

In addition to this intense competition from British manufacturers there was the continual drain of rent from the Irish countryside. Marx estimated that in 1836 £7 million was sent abroad to absentee landlords.²⁰ Far from this class being a fantasy, as some revisionist historians claim, it was a powerful force right up to the 1870s. As late as 1872 774 landlords owned 10 million acres in Ireland—half the total surface of the country.²¹ The effect of this financial drain was to reduce the domestic market and the available capital for investment.

By the mid-nineteenth century Ireland was completely reduced to an agricultural supplier for the empire. For the landed interests that dominated the Irish parliament this was relatively satisfactory. In 1803 Ireland had exported 146,000 barrels of wheat and 439,000 barrels of other corn. By 1822 this had risen to 776,000 and 1,948,000 barrels respectively.²² The Corn Laws created a virtual monopoly for Irish corn and encouraged the specialisation of the economy. When these laws were repealed in 1847 they helped to begin a major shift in Irish agriculture towards pasture. People were replaced by livestock as the country was turned into a vast cattle ranch. In 1903 81 per cent of the country was under pasture.²³

This pattern occurred throughout the empire. Nations such as Ireland

and India were driven into an economic relationship with Britain by which they supplied raw materials in exchange for manufactured goods. The fact that these developments occurred through the imperceptible economic laws of free trade led many to claim that fair competition was involved rather than imperialism. The apostles of free trade at the time were a good deal less sanguine. One of their number argued that with free trade 'foreign nations would become valuable Colonies to us [Britain], without imposing on us the responsibility of governing them.'²⁴

When a belated concern with industrial development arose again in Ireland at the end of the nineteenth century, it was already too late. As a result of the consolidation of land holdings after the famine of 1846 and the switch to pasture, small surpluses became available to petty capitalists. Much of this surplus, however, was channelled towards the banks. Joseph Lee has taken this as evidence of the refusal of the 'rural bourgeoisie' to behave like proper capitalists. Ireland, he claims, was never short of capital.

This is however a complete distortion. Deposits in the Irish banking network never rose above 6.4 per cent of the UK figure.²⁵ There is every indication that these were often small deposits, as no interest was paid on large amounts of the total deposited. The banking network itself also creamed off a huge dividend on these deposits. Vast sums were also invested on the London stock exchange, partly because the banks were often British-owned and also because industry in Britain could provide more profits than would be generated from an impoverished Irish market.

'Morally', Irish capitalists performed neither better nor worse than their counterparts elsewhere. Emerging mainly from the countryside after the destruction of industry in the early part of the nineteenth century, they invested cautiously in projects that demanded limited capital. To blame them for not engaging in manufacture of mass-produced goods, when competition in this area was at its most vigorous, is to hold a misconception of the nature of capitalism. This exists not to provide jobs or even an industrial base—its primary concern is profit.

Ireland's underdevelopment was, thus, neither a natural state of affairs nor was it produced by the peculiar psychological weakness of its capitalist class. The problem arose from the relationship between Ireland and the British empire. The colonisation of Ireland by Britain led to the breaking down of many pre-capitalist tribal structures. The cash nexus, the market and petty commodity production were established quicker than they would have been had colonisation not occurred. But the strength of the British economy and the intervention of the British state on its behalf ensured that the Irish economy was shaped in British interests.

When Marx claimed that 'every time Ireland was about to develop industrially, she was crushed and re-converted into a purely agricultural land', he was not referring to the purely political ambitions of British politicians, although this was undoubtedly a factor.²⁶ Across the globe the British empire forced countries into a limited specialisation that served the needs of Britain's industry. In that sense it became responsible for their backwardness and underdevelopment.

The revisionist history which excuses the British empire is pure

ideology. It reflects the fear of a section of the southern ruling class today that parallels might be drawn between their own fight to establish an independent state and the struggle of northern Catholics during the past 20 years. The Workers Party, which supports this revisionism from a pseudo-Marxist standpoint, is equally terrified by this revolt. They have consistently come to the support of the British army and the RUC. Not surprisingly, therefore, they will read a benign role for these forces back into Irish history.

Revolutionary socialists oppose the continued presence of the British army in northern Ireland. As a result they have no reason to distort or excuse the role that Britain plays in Ireland. Ireland is still dominated by the imperialist structures that extend across the world today. But the principal mechanism by which Ireland slots into the world capitalist orbit is no longer the British empire but a nation-state dominated by its own capitalist class. The idea that southern Ireland remains a neo-colony of Britain today obscures this reality. It leads its holders to a gross underestimation of the strengths of the native capitalist class in southern Ireland today. It thus needs to be challenged.

2

The neo-colony theory

IN 1958, a report on 'Economic Development' by the leading Irish civil servant in the Department of Finance, T K Whitaker, announced the simple fact that Irish capitalism had come to a dead end. A complete U-turn in its economic development strategy was required. It was necessary to break with the policies of economic nationalism, which had stressed sovereignty, tariff protection and rigid control over foreign capital.

The Fianna Fail government under Sean Lemass took up the advice, and sought to re-integrate the 26 counties of southern Ireland into the world economy by means of grants and tax breaks to attract international capital. Many liberals welcomed the move, believing that the country would get on an escalator of economic, political and social advance. Whitaker, however, took a far more realistic view. With the new turn, he wrote, 'the opportunities for development may not be great enough to give all who are born in Ireland a standard of living they would accept—though there are advantages here not to be reckoned with in money terms.'¹

During the two decades after 1958 this note of caution seemed misplaced. Between 1963 and 1973 the growth rate of manufacturing employment in the south was exceeded by only four other countries in the world.² By 1980 numbers employed in agriculture had declined to 19 per cent. In the 1970s there was net immigration into Ireland for the first time.

Economic advance also seemed to bring with it the promise of a more open outlook and a decrease in the power of the Catholic church. Liberals pointed to the declining birth rates, the new pattern of early marriages and the increased participation in education as signs of an acceptance of the values of a modern industrial society. A number of legal changes seemed to confirm this trend. In 1972 a referendum led to the deletion of a clause in the Irish Constitution recognising the 'special position' of the Catholic church. The European Economic Community (EEC) also functioned as a medium allowing the Irish bourgeoisie to introduce new laws. A series of measures such as the Anti-Discrimination Act (1974), the Unfair Dismissals Act (1977), the Employment Equality Act (1977) and the Adoption Act (1976) all brought the south into line with the EEC and seemed to open the door to a more liberal society.

But the dreams of the modernisers came crashing down in the 1980s. southern Ireland, in common with other countries as diverse as Poland, Mexico and Argentina, found that growth could not be sustained once the world economy entered a new slump after 1979. The huge levels of debt

these countries had accumulated were premised on a continual expansion of the world system. When that did not happen these countries were thrown back into a deep crisis. Southern Ireland found itself with a debt burden of £20 billion. The result has been appalling retrenchment in recent years.

Social reaction has followed in the wake of the economic downturn. Even in the boom years, the political elite in Ireland never intended to launch a frontal attack on the Catholic church as many liberals had hoped. They wanted to mark out its more limited sphere of influence in the new conditions. However, with the catastrophic economic crash, far-right fringe groups such as the anti-abortion SPUC and Family Solidarity moved centre stage. Shorn of all promises of economic advance, the Fianna Fail party made a clear and open return to its clerical tradition. In the 1930s, the party had campaigned for the sacking of a Protestant librarian in Mayo on the pretext that she was in a position to dispense anti-Catholic propaganda. In the 1980s, the party at grassroots level linked up with Family Solidarity to defeat a proposal to allow divorce in Ireland. On a variety of fronts the liberal modernisers who had hoped for gradual change in southern society have been forced to give way before the 'defenders of traditional values'.

The disillusioned hopes of many liberals and left-wingers has led to a new assessment of the nature of southern society. An odd amalgam of views has come together to claim that southern Ireland belongs to the 'Third World' or that it is a neo-colony of Britain. These categories are said to explain its economic dynamic, its conservative social structure and its weak working-class movement. Implicit in this approach is the assumption that abnormal economic development occurs because Irish capitalism is still not master of its own house. Three specific strands of this view may be identified.

First, there is Raymond Crotty's book *Ireland in Crisis: A study in Capitalist Colonial Underdevelopment*.³ Crotty took the Irish government to court in 1988 to insist on a referendum on the Single European Agreement because he viewed the single market as a grave threat to Irish sovereignty. His campaign for a seat in the European parliament during the elections in 1989 won the backing of many left nationalists. Crotty's central point was that 'the evident failure of Ireland's economy must be viewed in the context of Third World underdevelopment'⁴ and that 'the continuing underdevelopment of Ireland has been the enduring, pathological consequence of British capitalist colonialism'.⁵

Crotty, however, held an extraordinary view of the nature of this 'capitalist colonialism'. He claimed that 'the circumstances confronting the Indo-European pastoralists 4,000–5,000 years ago made it both possible and necessary to adopt capitalist production.' Virtually every form of conquest since then, he said, was a form of 'capitalist colonialism'. The result of this colonialism was primarily the imposition of an alien cultural framework on indigenous peoples. This in turn led to inefficient use of resources and 'incorrect factor prices' in the colony. In Ireland, the major incorrect factor prices that continue to stunt economic development are high land prices, high labour costs, and excessively high interest rates. These, Crotty claims, are evidence of an enduring 'capitalist colonialism'.

For Crotty, therefore, there is nothing wrong with capitalism itself. It

simply does not work properly in Ireland because the culture of capitalist colonialism was imposed. Despite its left-sounding rhetoric, Crotty's book had a deeply conservative message. He proposed that the south break away from the world economy for a period. Once it had adjusted its 'factor prices', he claimed, the market would work better. Crotty also proposed the privatisation of the public sector on a vast scale. Each citizen was to receive a 'national dividend'. Having dispensed this national dividend, the state 'should cease to support higher education'.⁶ Crotty also proposed 'greatly reducing the publicly provided health service'.⁷ It was an Irish Thatcherite's dream.

The second group that argues for the neo-colony approach came from the small strain of academic Marxism. The views of the Greek Marxist Nicos Poulantzas and the Brazilian sociologist F H Cardoso have been used to argue that the south of Ireland is an example of 'dependent capitalism'. This view sees the world divided into a 'core' and a 'periphery'. Ireland, it is claimed, is exploited by the world's core countries by means of unequal exchange of its goods or by being forced to rely on technology produced in the core countries. The academic Marxists have also argued that in peripheral countries such as Ireland the working class is invariably weak, since it cannot get access to a state that can control the activities of the multinational corporations.

However, by far the most important political figure arguing for a neo-colonial analysis of southern Ireland is Gerry Adams, and it is on his arguments that this pamphlet will concentrate. In his book *The Politics of Irish Freedom*, Adams characterised the relationship between the southern economy and the southern state. Britain, he wrote:

developed a neo-colonial relationship in which it was possible to protect their economic and strategic interests without the nuisance of having to occupy, garrison and administer the 26 counties.

The economy of the 26 counties is dominated by foreign capital; massive proportions of the profit generated in Irish industry are exported in particular to Britain. The resources of the state are controlled and exploited by foreign interests and even the ruling class is not based principally on native capitalism but is an agent class, acting as agents of foreign capital.

This ruling class put into power by the British appreciates that its interests lie in the maintenance of partition and feels its interests threatened by popular political struggle. Economic dependence on Britain translates in terms of political interest.⁸

The essential elements of the analysis are here. The ruling class, says Adams, following the 'neo-colony' argument, is not drawn from native capital but functions as an 'agent class' for the empire. The political independence of the south since partition in 1920 has meant nothing, because the economic link has remained virtually unchanged. Most important, economic dependence translates directly into political dependence. It is this continued dependence on Britain, he says, which explains the southern rulers' support for partition.

The characteristics of a neo-colony can be summarised thus:

1. The economy of a neo-colony is distorted to serve the interests of a particular metropolitan power. In the picture presented of southern Ireland, its economic dynamic is shaped by the needs of British capital.

2. In a neo-colony a surplus is produced—defined by the American writer Paul Baran as the difference between current net output and current net consumption⁹—which is rendered to the metropolitan power.

3. The neo-colony becomes dependent on the metropolitan power due to the dominance of its capital or trade patterns.

4. Inside the neo-colony an 'agent class' or a '*comprador bourgeoisie*' grows, which has no interest in real development but profits directly from maintaining the subservient relationship.

5. Economic dependence translates into political dependence. The relationship between the ruling classes is one of puppet master and puppet.

This characterisation *did* fit the southern economy at a particular stage. During the 1920s, southern Ireland was locked into a relationship of dependence with its former imperial overlord. A mere 4 per cent of the population was engaged in manufacturing industry. Agricultural products—largely livestock—constituted 76 per cent of its exports, and these were sold overwhelmingly to the British market. In return for these, the south was supplied with British manufactured goods. When de Valera described Ireland at this time as an 'out-garden of Britain', this was perfectly accurate.¹⁰

An agent class, representing primarily agrarian interests, held power after the civil war in 1922. Taxation was kept as low as possible to cheapen the costs of Irish agricultural products. Social services were kept to a minimum. The only major state product of the period was the Shannon Scheme to generate electricity, and it was built under near-slave labour conditions. The bias in favour of the livestock producers was reflected in a report of the Fiscal Inquiry Committee in 1924, which advocated an uncompromising free trade policy. As a result there was no attempt to foster native industry despite the arguments to the committee from the clothing, shoe, paper and glass industries.

The economic structures of dependency translated into real political control from Britain. The British armed the Free State and encouraged it to smash the republicans during the civil war. Small farmers were forced to pay £3 million a year to the British treasury in land annuities. No wonder Lionel Curtis, an advisor to Winston Churchill, could write: 'The making of the Irish Treaty was one of the greatest achievements of the Empire.'¹¹

The first serious attempt to challenge these neo-colonial structures came with the election of a Fianna Fail government in 1932. Fianna Fail pointed the finger at British imperialism as the main source of the nation's ills and openly set out to construct an alliance of workers and Irish industrialists. The Irish government refused to transfer land annuities to Britain and pushed tariffs on imports from a nominal 9 per cent to 45 per cent. The result was a major stimulus for Irish capitalism as industrial employment expanded.

The British empire, weakened by the First World War and now facing

the threat of German re-armament, made some significant *concessions*. The land annuities were written off for a total £10 million. The British navy gave up its automatic right to use a number of Irish ports. Later de Valera built on these concessions in order to enforce Irish neutrality in the Second World War.

Nevertheless, there was little change in the overall economic relationship between Ireland and the British empire. In 1935 the south signed a Coal-Cattle Pact with Britain as a means of easing up on these hostilities. Its title succinctly expressed the continued economic relationship between the two countries, based as it was on the exchange between Irish agriculture and British industry. Despite the relative independence achieved by de Valera, British economic dominance persisted. Only the huge decline in British power and influence after the Second World War, coupled with the opening up of the southern economy after 1958, was able to complete the removal of the neo-colonial structures.

The opening up of the southern economy appeared at first as a continuation of British domination. Patrick Lynch, one of the leading economists who argued for the Whitaker programme, claimed that:

Ireland's economic associations with Britain are already close but they are unplanned and rather haphazard. An attempt to fuse the two economies by means of comprehensive trade and economic agreements would intensify existing trends and be a conscious recognition of realities.¹²

British capital was also the first to take advantage of the repeal of the Control of Manufacturers Act, which had limited foreign holdings in Irish companies to less than 50 per cent of the shares. Its traditional ties with the south; its involvement in the food-processing and banking sectors; the common currency; the abundance of cheap labour in the south and the decline in the rate of profit in Britain—all made the south an attractive location for the export of capital. Factories were opened to take advantage of Ireland's home market and to export goods to Britain itself. The Anglo-Irish Free Trade Agreement of 1965, which created a customs union between the two countries, reflected these developments.

At first sight the figures for the 1960s testify to the overwhelming dominance of British interests in the south. In 1967, for example, 67 per cent of Irish exports were sold to Britain. Between 1960 and 1969 there were 350 overseas-funded projects established in the south: 40 per cent were British-owned; 25 per cent were American; 20 per cent German and 5 per cent Dutch.¹³

These features led many on the left to characterise the south as a neo-colony. The opening to the world economy that gathered pace in the 1960s was interpreted as new evidence that the southern government was complying with the demands of British capital. These views led to a false optimism by 1968. The vast majority of the Irish left believed that the southern state was extremely fragile and prone to be overthrown. The struggle now escalating in the north would 'spill over' into a challenge to the neo-colonial structures of the south. Faced with this optimistic scenario,

the left adapted itself to the politics of radical nationalism.

In fact it was wrong to interpret the turn towards the world economy as undertaken in order to benefit British capital. Even in the 1960s, British capital was in decline *vis-à-vis* its competitors. Its investments in the south were concentrated in the traditional sectors, and their level of technology and capital intensity was low. Thus, whereas British capital had invested £29 million in its 150 projects in the south in the 1960s, US capital had invested a similar amount in 80 projects.¹⁴

This merely reflected the decline of British imperialism on a world scale. Whatever the subjective intentions of the rulers of Britain and Ireland, this fundamental fact ensured that the old neo-colonial links were not so simply re-created when southern Ireland opened to the world economy. The concentration of world capital has increasingly been in the United States, Japan and West Germany. Britain's share of world trade—26 per cent in 1950 declining to 9 per cent in 1975; its levels of productivity—some 40 per cent below those of West Germany; its periodic balance of payments crises; all were clear signs of its decline.¹⁵

Despite the world economic boom that followed the end of the Second World War in 1945, Britain's role in the world—both economically and politically—was declining. In this context, it was inevitable that close-knit neo-colonial links, far from being forged more tightly, would in fact be prised apart in an expanding world system.

This was particularly evident in the Irish case after 1973 when the south joined the EEC. At the time, southern Ireland enjoyed the unenviable privilege of being the EEC's most underdeveloped member. As a result it became a useful staging post to enable capital, particularly from America and Japan, to get around EEC tariffs. It offered political stability under right-wing government, advantageous tax policies, grants for incoming companies and an abundance of cheap labour—a combination that proved highly attractive. By the mid-1970s US investment in manufacturing in the south totalled \$2 billion. This was the highest *per capita* investment of US capital in Europe.¹⁶

The decline of British capital and the modest growth of native Irish capital that accompanied the new industrialisation was to have major ramifications for southern Irish society.

Irish leader Charles Haughey (left): The alliance between church and state maintains the 'carnival of reaction'.



3

Does Britain dominate the south?

THE DECLINE in British influence over the economy of the south is evident in several areas. Those who argue that the south is a neo-colony of Britain have normally cited the pattern of trade, the level of British investment in industry, and the dominance of British capital in the banking sector.

Trade: A neo-colonial pattern often involves the underdeveloped country supplying primary goods to the metropolitan power in return for manufactured goods. This relationship is established because the imperialist power has won control over the direction of trade. In the Irish case, the British market remains important but the general pattern of trade is completely different from that supposed by a neo-colonial link. This is shown in two ways. First, the composition of Irish trade has switched dramatically from agricultural to industrial products:

Table 1: Commodity composition of Irish exports (percentages)¹

	Food, drink and tobacco	Raw materials and fuels	Chemicals and machinery	Other
1955	68.0	8.1	3.0	9.3
1960	65.0	10.0	4.4	14.6
1972	45.6	7.0	15.1	25.7
1978	40.2	4.8	25.8	24.3
1984	25.5	7.0	42.6	20.6
1988	25.6	5.1	44.3	21.5

This table shows that until 1955 more than three-quarters of Irish exports were primary goods. De Valera's charge that the country was still an 'out-garden' for Britain was still fundamentally true. But with the industrialisation programme that began in the early 1960s this shifted dramatically. The dominance of foreign-owned industry in the export drive is shown in the growth of chemicals and machinery, where foreign capital is strongest. However, the growth of other industrial and services exports shows that the shift away from primary goods is wider.

There has also been a dramatic shift in where Irish exports go:

Table 2: Geographical structure of Irish trade (percentages)²

	1955	1960	1972	1978	1981	1984	1988
UK	89	75	61	47	40	34	35
Other EC	5	6	17	30	31	34	39
Others	7	19	22	23	29	32	26

From the foundation of the Irish state until the mid-1950s, nine-tenths of Irish exports went to Britain. Since the 1960s this has changed, and exports to Britain have stabilised at about one-third of all Irish exports. There has been a dramatic growth in exports to the EEC and to the United States. Imports from Britain have also shown a decline. In 1955 these accounted for 53 per cent of all imports. Today they have declined to 42 per cent.³

In terms of the pattern of trade, therefore, there has been a loosening in the close, neo-colonial ties between Britain and Ireland.

British capital in Irish industry: In the 1960s, British capital was the most dominant form of foreign capital that entered the south. Since then there has been a major shift in the source of foreign capital. British capital as a proportion of all foreign capital being invested annually in manufacturing industry has declined to very small proportions. After 1976, Britain has provided less than one-tenth of the foreign capital coming into Ireland. Since 1978 German investment has been consistently higher. The largest proportion of foreign capital now comes from the US.

Table 3 sets out the Industrial Development Authority figures on planned annual investment of foreign capital in Ireland. Naturally, there is often a gap between the plans and their realisation. The amount of investment that then remains in Ireland long-term may be even less. Nevertheless, the table illustrates the general trend, particularly as there are indications that British investment tends to be more unproductive than other sources.

Table 3: Percentage of planned fixed-asset investment from foreign companies in manufacturing industry⁴

Year	US	UK	Germany	Other European	Non-European
1974	48	14	2	1	35
1975	78	3	2	14	3
1976	69	11	7	10	3
1977	33	7	2	5	53
1978	59	3	16	14	8
1979	81	2	5	9	3
1980	52	4	7	17	20
1981	70	4	8	13	5
1982	no figures available				
1983	72	6	6	6	10
1984	43	5	16	11	35

Even these figures do not fully indicate the dramatic decline in British investment. In the early 1960s, it has been estimated, two-thirds of the major British companies had subsidiaries in southern Ireland. These included such household names as Dunlop, Rowntree, Cadbury and Clarkes. Yet it has been precisely such firms that have borne the brunt of the closures and redundancies in recent recessions. These companies looked to the Irish domestic market and have often shown the same patterns of closure as the larger Irish firms. Of the British firms operating in

manufacturing in 1973, 43 per cent had closed down by 1981.

Today the number of workers in the manufacturing subsidiaries of British companies is 16,754.⁵ This figure presents real difficulties for those who wish to argue that Ireland is Britain's neo-colony. Some of the larger Irish state companies employ more than all the British-owned companies combined.

British involvement in banking: Faced with these simple facts, left nationalists base their case for characterising southern Ireland as a neo-colony on the features of the financial system. It is claimed that British finance capital dominates the banking network and that this in turn gives it control of the economy as a whole. Thus the former leadership of the small revolutionary group People's Democracy argued that 'The Irish banks are completely integrated into and dependent on the financial institutions of the city of London.'⁶

Exact figures on share ownership of the banking network are difficult to obtain. What is available indicates that British capital may be represented more in the banking sector than elsewhere in the Irish economy, but it is by no means dominant. There are 22 licensed foreign-owned banks operating in Ireland at the moment. They control 21 per cent of the total assets of the banking sector. There is no indication that British banks make up the bulk of these foreign banks.

Most of the bank assets are in the hands of the 'associated banks'. The consolidated assets of all licensed banks grew fourfold in the ten years to 1986, but the biggest expansion was by the two major 'associated' banks, the Allied Irish Bank and the Bank of Ireland. These claim that 87 per cent and 83 per cent respectively of their shares are owned by Irish residents. Since many of these may be nominees, holding their shares on behalf of others, it is difficult to assess their true ownership. However, light was thrown on the ownership pattern of the Allied Irish Bank when it attempted a new share issue in connection with its take-over bid for the First Maryland Bank in America. A prospectus sheet showed that its shares were held in the following manner:

Irish Life Insurance	10-15 per cent
IBI	10-15 per cent
Allied Irish Holdings	5-10 per cent
Ulster Bank	5-10 per cent

These figures are only for the large shareholders and disclose the holders of only 50 per cent of the total shares. Nevertheless they are revealing. Ulster Bank is the only recognisably British company—it is a subsidiary of National Westminster. IBI is the holding company of the Bank of Ireland and owned the shares on behalf of unknown others. Irish Life Insurance is 90 per cent owned by the Irish state.

A more important issue than ownership is whether it can be argued, as nationalists traditionally have, that the banks function to channel funds from Ireland to Britain. This seems highly unlikely. For one thing Ireland itself provides a declining share of the profits made by the major Irish banks. Approximately half of the profits of the two major Irish banks are generated

outside Ireland.

There is evidence that increased Central Bank control over the banks since 1971 has coincided with a move away from an orientation on the British economy. In the 1940s the nationalists could correctly point to the vast sums of money invested by Irish banks in British government bonds. The former republican leader Sean McBride complained about this pattern several times as a government minister in 1951 but could do little about it. However the changing structure of the Irish economy since the 1960s has led to a break in the close financial relationship with Britain.

Table 4 shows the shift in holdings in Irish government bonds. In 1945 the vast majority of these were held by foreign banks; today the vast majority are held by Irish banks. The simple reason is that the Irish state, in its drive towards industrialisation, has provided ample opportunity for Irish bankers to make profits.

Table 4: Bank holdings of government paper in £ millions⁷

	1945	1955	1965	1975	1982
Within Ireland	8.2	33.9	59.1	540.1	1268.7
Elsewhere	163.0	110.9	122.7	74.8	340.0

There has also been a shift in the external currency holdings of the banks. Up to 1967, the external assets of the major banks were held in sterling. Thus £300 million out of their total external assets of £340 million—88 per cent—were held in sterling. However by 1987 the proportion of sterling in the foreign reserves had fallen to 19 per cent. T K Whitaker, in his autobiography *Interests*, expressed the new-found confidence of Irish capitalism. The diversification of Ireland's external reserves was undertaken, he claims, 'for the preservation of freedom and discretion in economic policy'.⁸

The culmination of these policies was the break with sterling in 1979 when southern Ireland joined the European Monetary System (EMS). Ten years later the British ruling class are still split on the issue of whether they too should join the EMS. Proponents of the neo-colony theory who argue that Britain's financial control is the key factor in the relationship between Britain and southern Ireland have no way to explain these developments.



North or south?
The Gardaí arrest
a demonstrator

4

A neo-colony of the multinationals?

THE TRADITIONAL nationalist case, which stressed the direct links between the southern economy and Britain, has clearly begun to wear thin. A more left-wing variant has arisen, however, to claim that the south is a neo-colony of the multinational corporations. Support for this view has come from a tiny strain of academic Marxism which has characterised the south as an example of 'dependent' capitalism. World capitalism is seen as divided into a 'core' and a 'periphery', where the 'core' exploits and dominates the 'periphery'—and the multinationals are the principal mechanism by which this exploitation takes place.

Two writers in particular may be cited as supporters of this view. The Brazilian sociologist F H Cardoso has argued that there exists a form of 'dependent' capitalism in countries such as Brazil. Capital goods industries remain concentrated in the world's core regions while only assembly industries are allowed to develop in the periphery. The monopoly of the 'production of the means of production' allows the core countries to exploit the periphery.¹

The Greek Marxist Nicos Poulantzas took up these arguments and applied them to some of the less-developed countries in Europe—Greece, Portugal and Spain. The bourgeoisie in these countries, he claimed, was divided. The 'comprador bourgeoisie' in such countries sought to preserve links with the USA and keep the old neo-colonial structures, while the 'domestic bourgeoisie' sought links with the EEC and to re-negotiate the terms of their dependence. According to Poulantzas the only solution was 'a process of independence and national liberation'.²

Cardoso, Poulantzas and writers within this general tradition focus on the development of their countries. They argue for temporary alliances with those sections of the bourgeoisie that are least dominated by the multinationals. The aim is the achievement of 'genuine' national independence—which is identified as a break from the world economy and complete economic sovereignty. (The mind boggles at the notion that the key issue facing the former imperial states of Spain and Portugal was the seeking of 'genuine national independence'.) Effectively, these writers are attempting to translate socialism into the terms of left nationalism.

The argument, therefore, is that Ireland is being exploited by the multinationals, which are concerned to transfer wealth to the 'core' of the world system. The Irish state, supposedly, is completely under the thumb of these forces. Irish workers are viewed as defenceless victims of these

multinationals. It is crucial therefore, the argument goes, to push for 'genuine' national independence before one can organise for normal class politics.

There are a number of problems both with this general analysis and with the way it is applied to Ireland—by which it completely misjudges the role of the Irish state. The first problem is that the general analysis starts out from the notion of 'national economic development'. In the minds of nationalists a country is not 'genuinely' independent until it has an economy characterised by self-reliance and self-sustaining growth. Essentially, the main sectors of the world economy have to be reproduced in miniature within the boundaries of the nation-state.

Now this pattern of development did characterise the first major industrial economies of the nineteenth century such as Britain, France and Germany. The scale of the world economy today, however, and the levels of productivity that it allows, mean that a retreat to a national economy is neither possible nor desirable. That simple truth is underlined by the collapse of the Stalinist system in Eastern Europe today. These regimes attempted to develop 'national economies' through state capitalism, a capitalist economy run not by the usual national bourgeoisie but by a centralised state bureaucracy. The result has been a massive gap between the levels of productivity prevailing in Eastern Europe and the world economy as a whole.

The argument put by revolutionary socialists—that workers must aim to transform the whole world economy, not retreat from it—is more valid than ever. Only in this way can the resources now bottled up in the advanced countries be made available to the whole world.

The second problem with the 'dependent capitalism' argument is that it replaces an analysis of capitalism with concepts drawn from geography. There is simply no united 'core' in the world system. The giant companies of the 'core', and the states themselves, are engaged in a deadly competition that drives them to ever-increasing heights of accumulation. American capital is terrified of the prospect of a 'fortress Europe' in 1992. Japanese capital faces the continual threat that protectionist measures may be taken against it by the US government.

Third, and most important, it is not the case that regions or nations as a whole are exploited—it is *class* exploitation that is at the root of capitalist accumulation. Workers in the 'core' countries still generate the bulk of profits for the giant multinationals. That is why investment in the advanced capitalist countries still vastly outweighs investment in the 'periphery': 75 per cent of US subsidiaries, 82 per cent of German subsidiaries, and 60 per cent of French subsidiaries are in other advanced capitalist countries rather than the Third World.³ Workers in the 'periphery' are, of course, subject to super-exploitation—but often, as we shall see in the case of Ireland, at the hands of their own local ruling class as well as the multinationals.

When the left-nationalist analysis is applied to southern Ireland it focusses entirely on the multinationals and virtually excludes reference to native Irish capital. Revolutionary socialists share with the left nationalists

a hatred of the multinationals. These companies have been given massive grants and tax breaks by the Irish state and have been allowed full freedom to repatriate their profits. The outflow of profits from foreign-owned companies in Ireland, for example, has increased from 2.8 per cent of the country's gross domestic product in 1980 to 6.6 per cent in 1987.⁴ We share none of the illusions of the Workers Party, which argues that the multinationals play a progressive role because they are not contaminated by the 'laziness' of the Irish bourgeoisie.

Nevertheless, it is a downright distortion to claim that the southern state is simply an exclusive tool of the multinationals. The southern state operates to protect the *joint* interests of both native and foreign capital. Indeed it has actively promoted the interests of Irish capital by fostering its links with the multinationals.

The figures for government grants to industry show how the southern state promotes the interests of both foreign and native capital. Native Irish capitalists received 40 per cent of these grants. Since they had lower levels of capital to start with, this meant they got proportionately more than the multinationals. Between 1973 and 1979, the Telesis Report conducted for the National Economic and Social Council showed that the average grant for every anticipated job in industries set up by foreign capital was £7,400. The equivalent grant for native-owned industry was £12,500.⁵

Contrary to the aims of the state planners, indigenous capital has not grown as quickly as they hoped through its links with foreign capital. But it grew nevertheless. Between 1973 and 1980, 1,300 indigenous Irish companies were created in manufacturing, 70 per cent of them employing fewer than 30 workers.⁶ A prime example of this growth was in the metal and engineering sector, where employment in indigenous Irish companies grew by 30 per cent until recession set in after 1980.⁷

The last decade has seen a major re-structuring of native Irish capital. Employment overall has certainly declined in native Irish manufacturing industry. But this does not imply that native Irish capitalists are making a loss. A prime example here is Henry Lund's Clondalkin Paper Mills. After sacking his workforce after a bitter struggle, Lund went on to make a fortune in other areas of investment. A commentator sympathetic to the left-nationalist arguments has shown that even if new foreign-owned industry is left aside, the rest of industry in Ireland has grown by 3.6 per cent a year since 1960.⁸ This is a distinct improvement for Irish capitalists when compared with the period of protectionist isolation in the 1950s.

Gerry Adams has written of the south that 'even within the terms of domestic capitalism it is an absurd situation.'⁹ This is clearly nonsense. Domestic capitalism is enjoying all the benefits that the southern state can bestow on it. Since the White Paper on Industrial Policy in 1984, the southern state has in fact switched strategies in order to put even more resources into building up southern capital. Since that date a series of new measures have been taken to make life easier for the native Irish rich. These schemes include: the Business Expansion Scheme, which has cut tax on dividends; the National Linkage Programme, which has generated an extra £140 million worth of business for Irish suppliers of the multinationals;

Technology Acquisition grants, which give local capital a 50 per cent grant towards the cost of acquiring new technology; and a Company Development Programme that allows the state agencies to channel extra resources and money towards 200 participating Irish companies. In 1987, when spending on industrial development was being cut back by around 17 per cent, these new schemes, which predominantly benefited the Irish rich, were therefore a highly 'rational' state of affairs for this sector of society!

The manner in which the left-nationalist analysis falls completely flat on its face is shown by the question of the 'national debt'. The left nationalists see the national debt as money paid to greedy foreign bankers, who are robbing Ireland. No doubt the bankers are ripping off the working class and the poor of Ireland. But what the left-nationalist account ignores is the extent and scale of the involvement of the Irish rich in this process. *More than half the interest payments on the national debt go to the Irish rich.*

Table 5: Interest payments on the national debt (£ millions)¹⁰

Year	1981	1982	1983	1984	1985	1986
Residents	405	654	746	798	1,002	1,031
Non-residents	266	526	597	719	795	761

The singular fact about southern Ireland is the high degree of unity between the native and foreign sections of the bourgeoisie. No serious section of employers criticised the opening of the economy after 1958. No substantial section of Fianna Fail, which had championed economic sovereignty since the 1930s, objected to it. Since 1958, no employers' organisation has complained that Irish bosses were being discriminated against by the southern state in favour of the multinationals. It has been a record of absolute harmony. Why is this?

Part of the answer lies in the fact that, as we have seen, the industrialisation programme was not just about hand-outs to the multinationals—the Irish rich got more than their fair share. Another part of the answer lies in the fact that protectionism had become a disaster by the 1950s. While Ireland was stagnant, the rest of the capitalist world was enjoying the longest boom in history. But the other crucial reason was that there was simply no objective basis for conflict of any sort between the foreign and native sections of Irish capitalism. The multinationals were not invading the native capitalists' markets in order to drive them out of business. Table 6 shows that, with the exception of British capital, the multinationals were in fact geared for markets outside Ireland:

Table 6: Exports as percentage of production by foreign capital in Ireland¹¹

US	91.8 per cent
British	46.8 per cent
Dutch	66.6 per cent
Japanese	92.4 per cent
German	86.6 per cent

These factors help account for the unity of the bourgeoisie. They also explain why Fianna Fail, representing the most nationalist section of the Irish bourgeoisie, was the party that was most enthusiastic for links with

the multinationals. It shows that the search for fractions of the bourgeoisie who are seeking an independent road back to 'genuine national economic development' is a wholly utopian and reactionary dream.

By contrast, the industrialisation programme has led to the tremendous strengthening of the Irish working class. Between 1945 and 1984 trade-union membership increased from 170,000 to 501,800. In the 1970s the Irish working class took second place in the strike league of the EEC ten. According to an employer-dominated Commission of Inquiry into Industrial Relations in 1981, the numbers of workers involved in strikes had trebled since 1958.

The working-class movement has clearly been forced to retreat since the 1980s. But the notion that it is rendered automatically defenceless by the high proportion of multinational-owned companies is an invention by those who want to fade class conflict in southern Ireland into a haze of nationalist or reformist rhetoric.



Demonstrators in Dundalk: Massive tax concessions to companies are funded by taxes paid by the majority.

5

Does partition make the south
a neo-colony?

THE ATTEMPT to characterise the south as a neo-colony on the basis of its economic structure has been a clear failure. It has, however, been argued that the issues go far beyond a matter of 'crude' economics. If the wider political relationship between Britain and Ireland is taken into account, it is claimed, the case can be sustained.

Up to this point, I have concentrated on an analysis of the southern economy because it was Gerry Adams himself who argued that 'economic dependence translates into political dependence'. Moreover, one reason why republicans stress the economic nature of the neo-colonial links is that they wish to claim that the achievement of an 'Eire Nua'—'A New Ireland', the title of Sinn Féin's political programme—will mean real changes in the lives of workers, although no wider transformation of the relations of production is envisaged. The proponents of the theory have been singularly vague about the exact economic mechanisms that give rise to economic dependence on Britain. Their case has rested on a vague nationalism rather than any real theory about how the southern economy works.

Not surprisingly, therefore, they wish to return to looking at the 'wider' political relationships. But what does their case now look like? The structures of the southern state and the existence of partition are supposed to prove that the south is a neo-colony. The southern state—the specific nature of its parliamentary and legal system—was a historic bequest by Britain. Southern law, for example, is by and large based on British law. The settlement of 1922 produced a state that mirrored the British model. In some fashion, it is claimed, this provides a mechanism for continued British domination. It is also argued that the British can use their hold on the north to dominate the southern ruling class. British rule of the north means that the south's politicians are in their pocket. The obvious support given by all southern governments to the maintenance of partition is taken as evidence for this.

This argument shows as little understanding of the political dynamic of the south as it does of its economy. It is a totally mistaken analysis for a number of reasons.

First, it starts out from an ideal view of what type of state a national bourgeoisie requires to guarantee its rule. The model is usually derived from the French Revolution. On the basis of this model the 'tasks of the bourgeois revolution' become a rather demanding list. Unification of the national territory, the full separation of church and state, the abolition of all forms

of monarchy, the establishment of an independent legal code, the separation of powers between the legal and political systems and a fully sovereign parliament—these are deemed to be the basic requirements for independent bourgeois rule. When a local bourgeoisie does not have these ideal requirements, it is claimed, their problems in running their patch of capitalism in their own interests are vastly increased.

In fact, the essence of the 'bourgeois revolution' is limited to guaranteeing the conditions for independent capital accumulation. No particular political form is prescribed. The French Revolution was in fact the exception. The German bourgeois revolution was carried through from above by a feudal aristocracy. In Japan, the Meiji dynasty established the conditions for capitalism while still maintaining the structures of religious and feudal privilege. In the twentieth century, a ruler such as Robert Mugabe in Zimbabwe has carried through a bourgeois revolution while hemmed in by a constitutional settlement that was at least as stringent as that imposed on Ireland in 1922.

The bourgeoisie can rule through many different types of state structure. It might ideally prefer a functioning parliamentary democracy that rules over the full national territory, but it can live with variations on this without becoming the pawns of another set of rulers. The historical mission of the bourgeoisie, after all, is to make profit, and this can be achieved under a variety of political arrangements. The fact that its national territory has been partitioned may cause it problems in legitimating its rule but, again, these can be overcome—or even turned to its advantage.

A simple example will show this. Korea was partitioned as a result of the settlement reached between the superpowers Russia and the US in the early 1950s. North Korea is part of the Russian sphere of influence. Yet nobody has argued that South Korea is a neo-colony of Russia. In fact the South Korean ruling class have been spectacularly successful in expanding their stock of capital with only the merest trappings of the political forms normally associated with bourgeois democracy.

The second problem with the left-nationalist analysis is that it cannot explain how, if the state is run by 'agents of British imperialism', the southern ruling class managed to establish a bourgeois democratic regime. The countries which do come closest to a neo-colonial model are precisely those which fail to do this. The reason is relatively simple. In the neo-colonial relationship between Guatemala and the US, for example, the US dominates Guatemala's political structures by linking up with the landed oligarchies who supply it with agricultural goods or the merchants who organise the distribution of US goods in Guatemala. A variety of classes or sections of classes are excluded from this relationship, and the state is ruled either by a military dictatorship or by means of corrupt elections.

The south of Ireland, however, has been able to establish a stable bourgeois democracy because its rulers are *not* agents of Britain. The political framework of bourgeois rule in the south was set by the struggle of de Valera and Fianna Fáil in the 1930s. Their campaign against the oath of allegiance, their fight against land annuities, their removal of British naval bases from the south established the integrity of the southern state.

By the elections of 1943 even Fine Gael, the most pro-British of parties, was forced to adapt to Fianna Fail's catch-all consensus, defending Irish neutrality as a symbol of the independence of the southern state. Since then the southern bourgeoisie has ruled, like all others, through a mixture of repression and consent. But their state has achieved legitimacy precisely because the native bourgeoisie, not British 'puppets', are seen as in charge, and exercise their own ideological hold over society.

Recognising this simple fact does not mean that revolutionary socialists draw the same conclusion as Danny Morrisson, vice-president of Sinn Féin. He has argued that Sinn Féin must enter the mainstream of political life in the south. Despite all their talk of the south as a neo-colony, republicans have often shown an unwitting respect for the southern state. Revolutionary socialists may recognise as a fact the ideological support granted to the southern state—but we aim to break this through the emergence of class politics, not by accusing our rulers of being insufficiently nationalist.

The third problem is that the view of the south as a neo-colony does not explain the actual behaviour of the southern ruling class. Republicans have always had a strong ambiguity towards the south's rulers, particularly their representatives in Fianna Fail. During the H-Block crisis in the north, when ten hunger strikers died in their fight to maintain political status for IRA prisoners, the central slogan of the republicans was 'Haughey, stand up to Thatcher'. After the death of Bobby Sands, Gerry Adams argued at the National H-Block Conference that the way forward lay in winning sections of Fianna Fail and the SDLP to a United Nationalist Front. During the more recent extradition struggle, as the southern state began to hand republicans back to the RUC and the British army, the republican leadership again looked to Fianna Fail. This time, however, the focus was directed to the 'rank and file' so that they in turn could pressurise their leadership.

The basic assumption behind this strategy is clear: that it is British influence which makes the southern rulers betray the national ideal. What the republican leadership have never clearly grasped is that the southern ruling class support partition precisely because it is in their own class interest to do so. They do not need British prompting or influence—they will lock up, intern, torture, criminalise and extradite republicans because they are a threat to their own class rule.

The history of southern Irish politics has seen heavy repression against republicans combined with large doses of 'green nationalism'. In fact, Fianna Fail in particular needs to isolate and repress republicans so that it can more easily monopolise the ground of nationalism. Fianna Fail's aim has been to defend the integrity of the southern state *both* against incursion by Britain and against threats from home-grown 'subversives'. This perspective is shared by other parties—which is why all parties in the Irish parliament could unite with one voice against the supposed slur by Margaret Thatcher on the Irish legal system during the Father Ryan affair, yet still give wholehearted approval to extradition in the vast majority of cases.

The southern ruling class have exhibited this common pattern—of

withstanding British demands on their sovereignty on the one hand while repressing republican threats to the institutions of the southern state on the other—precisely because they are *not* an agent class. During the Second World War, the British empire was at its greatest moment of peril. Winston Churchill, the most militant defender of the empire, demanded support from the south for his war effort. De Valera refused any open involvement with the former empire. But he also had interned and executed those republicans who, by their involvement with the IRA, questioned the authority of the southern state.

Forty years later, during the Falklands War between Britain and Argentina, Irish prime minister Charles Haughey broke with the common EEC stance when he refused to back Britain's war effort. He demanded the right to a foreign policy that was fully independent of Britain. But the fact that he was fighting hard for the southern state's independence on this issue did not mean that there was any let-up in the fight against the republicans. According to the then RUC chief constable, John Hermon, there was unprecedented co-operation on the border between the southern Gardaí and the RUC at that time. There was no contradiction in 'standing up to Britain' and repressing republicans.

The final version of the neo-colony argument is that Britain is involved in looking after the south for the multinationals. Thus despite the economic changes that have occurred in the *direct* relationship between the south and Britain, it is claimed that Britain's role as a policeman for world imperialism ensures that the old neo-colonial links remain.

This presumes that world imperialism is united in handing over the protection of its interests to Britain. Far more important, it ignores the role of the southern state and its army and police, who have shown themselves more than willing to take on this security role. The task of any capitalist state is to make sure that the conditions are right for the realisation of surplus value and to intervene when 'normal channels' do not seem to work. The southern state has called out the army against striking workers in Waterford; it has jailed workers who defied anti-picketing laws; it hands out court injunctions against pickets like confetti. In brief, it has shown itself more than willing to take on the tasks required of it by the multinationals—and the Irish rich.

To argue that Britain operates as the policeman for the multinationals is to let the southern state off the hook. Worse, it leads to an underestimation of the power and strength of the local security apparatus. An equivalent mistake was made by some of the best socialist militants in Poland in 1981. They constantly warned about the threat of the great Russian bear, yet it was their own Polish army that launched a coup against them. The Polish rulers' ability to use Polish nationalism to justify the coup gave them far more breathing space than if the Russian army had intervened. In the same fashion, the green-coated soldiers of the Irish army are far better defenders of the multinationals than any protection that relies on the historic imperialist enemy.

6

The peculiarities of southern capitalism

OUR ARGUMENT so far has been that southern Ireland must be looked on as part of the world capitalist system. It is not tucked into some corner in a neo-colonial nexus. It should not be seen as part of some mysterious geographical entity called the 'periphery'. It is shaped by the way in which it is involved in the booms and slumps of the international capitalist order.

This does not, of course, mean that it joins the world system as an equal member. There is no equality on offer from capitalism. It is a vicious competitive system geared to accumulation for the sake of accumulation. Within the world order there is a hierarchy of states. Britain is still one of the lynchpins of the NATO alliance—the military club of the Western imperialist powers. Despite its protestations of neutrality, southern Ireland accepts the dictates of this club. It grants rights of overflight to US aircraft, allows the CIA secret landing facilities at Shannon, monitors the movement of Russian aircraft and ships. As part of the United Nations, its troops enforce peace on imperialist terms. In Lebanon the UN, with Irish participation, allowed Israel to consolidate a buffer zone around its borders.

Arguing that southern Ireland cannot be viewed as a neo-colony, therefore, by no means implies that it has escaped the chain of imperialist command that still dominates the world. It merely suggests that the principal mechanism by which it is integrated into the world order is the control the bourgeoisie exercises over its own state.

Nor does our argument mean that southern Ireland has broken from the legacy of underdevelopment and backwardness. There seems no good reason to believe that it will develop gradually and peacefully along the tracks made by the more advanced countries. As Trotsky put it: 'The development of historically backward nations leads necessarily to a peculiar combination of different stages in the historic process. Their development as a whole acquires a planless, complex, combined character.'¹

It is necessary to look briefly at the peculiarities of southern Irish capitalism before returning to the political conclusions for revolutionaries in Ireland today. There are four issues to be considered.

1. State subsidy of private capitalism

Underdeveloped countries have adopted different strategies for trying to overcome their backwardness. The 'success' of Stalin's model in Russia in the 1930s led many to look towards a state-capitalist model. Sections of the intelligentsia came to power on the backs of nationalist movements in Asia and Africa. Their left rhetoric was no more than an

adaptation of the Stalinist road to development, where the state mobilised huge resources in society and directed the process of capital accumulation.

Direct state ownership of industry was not the only option available. In South Korea, for example, industry was left in private hands but the state directed the process of accumulation through forced mergers and the granting of monopolies in particular sectors.

Neither of these options was used in southern Ireland. Fianna Fail's base among the small farming class meant the state could not be used to extract a surplus from agriculture with which to begin capital accumulation. The absence of great landowners, due to the partial solution of the land question in the nineteenth century, had removed another channel through which a surplus might be extracted from the countryside.

The only available option was therefore extreme state subsidy of private capital. Scarce capital, both native and foreign, had to be induced into southern Ireland by state subsidies. Southern Ireland spends 5.3 per cent of its GNP on industry, compared to an EEC average of 3 per cent.² The Department of Industry and Commerce estimated that £371 million was spent directly by government agencies on industry in 1986.³

But that is literally only half the story. Tax rates for the rich are extra low. Tax rates on capital and wealth are among the lowest in Europe. Tax on manufacturing profits in southern Ireland stands at a nominal 10 per cent. This is absurdly low when compared to more advanced countries.

Table 7: Corporation Tax rates in selected countries (percentages)

Belgium	45	Denmark	40	France	50
Germany	56	Italy	36	Britain	45

Every developing capitalist country has to undertake the building of a basic infrastructure if it is to function effectively. In the 1980s the southern state launched a major investment programme to modernise its telecommunications network to suit industry. The low taxes on capital and wealth ensure that the cost of these investments is met almost exclusively by the working class. Taxes on capital make up a mere half of one per cent of total taxation. The wealth tax made a mere .00036 per cent.⁴

One estimate of the amount of tax foregone by the Irish state in order to subsidise capital has been an astounding £818 million in a single year. Table 8 shows the Department of Industry and Commerce breakdown of how the rich were let off taxation in 1986 alone:

Table 8: Gross value of tax subsidies to industry (£ millions)⁵

Tax based leasing	55
Section 84 lending	100
Accelerated depreciation of buildings, plant and machinery	62
Export sales relief	423
Shannon relief	57
10 per cent Manufacturing Tax rate	111
Reduced rate of corporation tax for small firms	8
Business Expansion scheme	2
TOTAL	818

This high state subsidy accounts for the huge tax burden on the working class. It also explains why southern Ireland is the only country in the world to have produced an anti-tax campaign with a decidedly working-class character.

2. High levels of parasitism in the Irish bourgeoisie

In more developed economies capital flows, under conditions of growth, relatively easily from credit institutions towards industry. Not so in southern Ireland. Its underdevelopment and low capital base mean that profit margins in industry can be lower and less reliable than in other sectors. A number of pointers indicate the high level of parasitic activity among the bourgeoisie.

The Irish stock exchange has an extraordinarily poor record of raising funds for industrial capital. In the period 1969 to 1981 total additional funds in equities (company shares) amounted to only £223 million. By contrast, double that figure was invested in speculation in commercial property. Only £5 million was raised as funds for new manufacturing industry.⁶

The same story applies to funds raised by life-insurance companies and pension institutions. These tend to invest in government stock rather than in industry. Table 9 shows the different patterns in Ireland and Britain:

Table 9: Pension fund investment 1980 (percentages)⁷

	Ireland	Britain
Cash and deposits	11.3	4.7
Government stock	40.8	21.6
Fixed-interest stock	4.3	6.5
Industry	15.7	50.0
Property	27.9	17.2

It will be seen that government stock accounts for 40 per cent of the money invested by the pension funds. Government stock also accounts for 99 per cent of the dealings in the Dublin Stock Exchange. The plain truth is that the Irish rich have a massive interest in the maintenance of the Irish national debt. It provides their life blood.

We have already noted how left nationalists have ignored the amount of public debt held in the hands of Irish residents. The Irish banking network as a whole has invested £2,771 million directly in government paper and a further £983 million with the Central Bank.⁸ All of this bears a sizeable rate of interest. This chunk of Irish capitalism has much to fear when any demands are raised to cancel or even postpone the national debt.

3. The internationalism of southern capital

Another feature of southern capitalism is the manner in which it is forced to internationalise very quickly. A number of firms have developed in the south behind protectionist barriers. But as soon as they reach a certain maturity, they are forced to connect with foreign capital and seek foreign markets. This is not peculiar to Irish capitalism—but the speed with which this 'outgrowing' of the Irish market takes place is.

The idea that southern capitalism is composed of chipshop owners and second-hand car salesmen is a real joke in this context. A number of

small Irish multinationals have developed through their links with foreign capital. The best known is Smurfits, the paper and print company which has tried to break unions in the US and Britain. It currently ranks among the world's 500 top companies.

Guinness Peat Aviation has won a place on the world market in leasing aircraft; Allied Irish Banks has been heavily involved in lending to Third World countries; Cement Roadstone has operations from Spain to North America; building companies such as McInernies are involved in the Middle East. These companies are small and in many cases weak by international standards—but only the blindest nationalist who wants to deny the class contradictions in Irish society would dispute their relevance.

One of the major problems that such companies face is that the Irish state is in a weak position to operate on the world stage as their protector. Blocks of capital, no matter how large or small, have to relate to particular states for their security. The Irish state machine is not an impressive bet. Increasingly, therefore, these sections of Irish capital favour either a more open espousal of US hegemony or, more likely, the building of an EEC super-state.

4. The emergence of small Irish capital

The other side of the coin of the internationalisation of southern capital has been the emergence of small-scale southern capital. These companies have grown on the coat-tails of the multinationals in Ireland.

According to the Industrial Development Authority there are almost 5,000 companies in the small-business category; they employ more than 39,000 people, equivalent to a fifth of the total manufacturing workforce; and 70 per cent of these companies have received grants from the IDA.⁹

The shift towards building up Irish capital has led to even more attractive hand-outs for those in the small business category. Employers with fewer than 15 workers can get a grant of up to £5,000 a year for each employee. Those that employ more than 15 workers can expect £9,000 a year for every employee. This is in addition to 100 per cent grants for training costs, 90 per cent grants for training management skills, rent subsidies and research grants.

It is precisely from these sections of small native capital that the day-to-day managers of the political system in the south are drawn. Parties like Fianna Fail—at rank-and-file level as well as leadership level—are full of these small-time capitalists and local members of the middle class. They are the ideal representatives for harmonising the interests of native and foreign capital in Ireland. They understand that they have no future beyond a link with the multinationals.

Every time there is a dispute over environmental concerns or strike action at the plant of a multinational, which then threatens to pull out, the local 'community' is mobilised in support of the multinationals by these representatives of petty capitalism. None better than Fianna Fail understand these simple truths.

All the peculiarities of southern capitalism draw to one central conclusion: there is an identity of interest between native and foreign capital. Both share in the massive state subsidies of capital; foreign capital

does not compete with native capital for control of the domestic market; the structure of southern capitalism in terms of its large and small firms makes for absolute co-operation with the multinationals and for enthusiasm about the EEC.

In the early 1920s Leon Trotsky had to conduct a vigorous campaign against the emergence of the 'stages theory' during the Chinese Revolution. Stalin had argued that the Chinese working class should first side with the progressive national bourgeoisie in its fight against foreign capital in China, since bourgeois democracy was a stage that had to be passed through on the road to socialism. Trotsky argued that whatever resentments this bourgeoisie might have about the robbery of China by imperialism, they feared the working class more. Even though China was a direct colony of the various imperial powers, only the working class could complete the fight for national liberation. Trotsky was proved right, for once the bourgeoisie had gained power they turned on their working-class supporters, massacring thousands.

In Ireland in the 1980s, there is no argument on the question. The southern bourgeoisie makes not the slightest gesture towards support for the struggle being waged in Northern Ireland. The claim that they suffer from neo-colonial structures and that their small-time representatives might one day join a broad front for 'genuine' national independence would be absolutely laughable if history did not tell us where such political strategies lead.



*Demonstrators
against the
extradition of
republicans to the
north.*

7

Conclusion

TWENTY YEARS AGO many republicans and left-wingers were convinced the Northern Ireland crisis would spill over to the south. The south's rulers were judged to be puppets of Britain and this was deemed sufficient for them to be swept aside by a tide of left nationalism. The left seriously underestimated the ability of the southern ruling class to develop support among the southern population for their own brand of constitutional nationalism.

Today, it has dawned on the republican movement that the south is the key. The fact that Catholics are in a minority in Northern Ireland means that neither the armed struggle nor constitutional agitation can win. In the south there is a strong working-class movement which has no vested interest in the arrangements of partition. Leaders such as Gerry Adams have partially recognised this and understand that an appeal to nationalist rhetoric alone is not enough to win southern workers to the struggle.

But republican politics are a straitjacket into which class politics can never be fitted. At a recent Sinn Féin Ard Fheis, Adams urged his members to get involved in social struggles in the south—but they were still to be guided by a republican outlook. 'The difference between Ballymurphy in Belfast and Ballymun in Dublin,' he argued, 'is that the Brits are more visible in Ballymurphy.' By claiming that Britain still dominates the south, the republicans rely on their neo-colony analysis to try to show workers (and other classes) that they have something to gain from an Eire Nua. This despite the fact that, following Sinn Féin's strategy, an Eire Nua would fall far short of a workers' republic.

The neo-colony analysis is the economic underpinning of Sinn Féin's strategy of looking for class alliances. This is made abundantly clear by a document circulated among republicans entitled 'The Irish economy: A Republican alternative'. This argues that 'imperialist domination has had its cultural aspect and most capitalists have looked to their own rather than the nation's interests.' The idea that it is 'imperialist culture' that has made for nasty capitalists is quaint. Presumably when this culture has been removed, these capitalists will function with a real concern for the nation. The document also argues that 'industrialists and farmers have an objective interest in re-unification' (emphasis added). By arguing that the problems for Irish workers stem from the British neo-colonial link rather than from the manner in which Ireland is integrated into the world capitalist system, Sinn Féin poses the possibility of class alliances with those industrialists who it claims have an 'objective interest' in breaking that link.

We have analysed southern capitalism within its own terms to show two points. First, that the misery that springs from the workings of the capitalist system in the south cannot be put down to a link with Britain. Telling workers who are employed by Packard, a subsidiary of the US multinational General Motors, or by Aer Lingus, Ireland's state-run airline, that their problems stem from the British connection makes no sense. This simple point explains why Sinn Féin is such a marginal force in the south. Its nationalist politics cannot answer the issues faced by southern workers.

Second, there is no prospect of any fraction of the Irish bourgeoisie supporting a nationalist offensive against imperialism. Their future is bound hand and foot with the multinationals. This is why the appeals to Fianna Fáil to return to 'its de Valera tradition' are such hogwash.² Leaving aside de Valera's own record of repression, the notion that any section of Irish capitalists have an interest in fighting for an extension of Irish sovereignty is pie in the sky. There is simply no objective basis for the 'pan-nationalist alliance' that Sinn Féin proposes.

This is not to say that there are never disagreements between the Irish and British rulers. Precisely because the south is not a neo-colony there may be sharp disagreements. But it is necessary to specify the nature and limitations of these differences. Here it is useful to take account of international considerations.

The world stage is divided between two major imperialist powers, the US and the USSR. Despite its pretensions to neutrality, southern Ireland is a weak member of the Western camp and is subjected to a series of pressures from the stronger powers. Britain is still a major power within this camp, despite its declining economic strength. The Irish ruling class therefore enters the world stage alongside a neighbour that is simultaneously its past colonial ruler, a major power in the Western Alliance and the state whose troops are engaged in Northern Ireland. In other words, in any conflict with Britain it starts out from an immeasurably weaker position.

But any differences between the southern establishment and Britain over the struggle in Northern Ireland are primarily tactical. In the mixture of repression and reform that is on offer to the Catholic population in the north 'to wean them away from terrorism', the south favours a greater leaning towards reform. On occasions such as the cases of the Guildford Four or the Birmingham Six, the southern state will also be dragged into conflict about how Irish people are treated by British courts. Britain, on the other hand, is primarily concerned to bolster the morale of its security forces in their fight with the IRA. As Lord Denning's 'appalling vista' doctrine proclaims, they are simply not prepared to countenance the undermining of their security forces in the courts. Clearly, the southern rulers can find themselves in embarrassing positions as a result, particularly when they have decided to extradite republicans to face these courts.

But these differences are minimal. For one thing the rulers of the south understand the need for 'strong security policies': they have their own parallel to the Guildford Four case in the framing of the republican Nicky Kelly. More fundamentally, the ruling classes of both southern Ireland and Britain have a direct interest in the maintenance of partition—and that

means the maintenance of political stability. If the struggle against partition were to have any chance of success, its depth and intensity would have to be such that a victory could lead to an assault on the southern state. In the abstract there may be no reason why capitalism could not operate as easily on an all-Ireland basis as on the basis of partition. In practice, however, a struggle that led to the defeat of the British army would cause such political instability that the southern state would be deeply affected.

There is also the matter of the international obligations of the southern ruling class. Its support and increasing involvement in the structures of the Western Alliance make it unthinkable that any section of the south's capitalist class would provoke a conflict on a scale necessary to drive the British army out of Ireland. No section of the Irish capitalist class would raise its 'nationalist aspiration' (insofar as they have any left) above the basic trend of southern capitalism—which is towards integration into the world economy and membership of the Western Club.

All these reasons explain why the southern state has become an active defender of partition. It spends proportionately more than the British on 'border security'. At times it has given Britain a lead in taking repressive measures. The British banned Sinn Féin from the airwaves a full 16 years after it had been done in the south. When Gerry Collins, the Irish minister for foreign affairs, justifies the level of repression by warning that the alternative might be 'to wake up some morning to find a few hundred people have taken over the GPO', he might be wrong about the method of insurrection but he senses the threat.

The strategy that Sinn Féin has pursued since 1981, of looking to sections of Fianna Fáil for support, has therefore been absurd. An appalling confusion about Fianna Fáil exists among not just republicans but sections of the Irish left. The Communist Party of Ireland, for example, has called for second-preference votes for Fianna Fáil in Irish general elections. Sinn Féin members justify their own strategy by claiming that Fianna Fáil cannot be equated with the Tory Party in Britain. This is hardly the point. Different traditions in the political history of Ireland and Britain make such an exact equation nonsense—but these differences cannot negate the fact that Fianna Fáil has been the major party of the Irish *ruling class* since the 1930s.

The rank and file of Fianna Fáil therefore behave like those of any ruling-class party. They can be loud in their nationalist aspirations on occasion (although this normally arises when southern Irish citizens are mistreated by British courts rather than when working-class members of the IRA are denied justice in the Diplock courts of the north). They may proclaim national unification and the revival of the Irish language as their aims. But these aspirations sit beside the fact that they are the party that has done most to solidify the unity between native and foreign capital. Their rank and file members are the auctioneers, the small business people, the publicans and others who all depend on the success of the industrialisation programme—of which the motor is multinational investment.

A certain amount of anti-British rhetoric does no harm. Indeed it can be helpful to the political system of the south. But any serious measures that pushed the struggle forward to the point where it endangered the structures

of partition would be too much for the famous rank and file of Fianna Fail. This is why their 'worries' about extradition agreements with Britain are easily removed by extra privileges handed down by the leadership of the party. In 1988, the Fianna Fail rank and file in Wexford held several meetings to express 'their disquiet' over the direction their party was taking. In 1989, when Charles Haughey awarded them an extra seat in the Senate, their disquiet vanished.

It comes down therefore to the simple point made by Leon Trotsky in his theory of permanent revolution. In a period when capitalism has developed and integrated on a world scale, all prospects of the bourgeoisie or any of its sections taking revolutionary measures vanish. There was no reason why in theory the Russian bourgeoisie could not have attempted to destroy Tsarism in Russia in the early part of the century. But in a period when capitalism had developed a working class that was growing stronger by the day, the bourgeoisie found there was more to unite them with the Tsarist autocracy than with the Russian working class. They therefore ceased to fight for aims that their forefathers had fought for elsewhere as part of the bourgeois revolution.

Similarly, the only class capable of fighting to remove partition in Ireland is the working class. It is not a matter of this task falling to them by default. There are a number of good reasons why it is in the direct interests of southern Irish workers to take up this question.

First, as long as the northern conflict continues, the poison of repression seeps over the border to the south. Southern Ireland has a battery of repressive legislation that is highly dangerous from a working-class point of view. Non-jury Special Courts have been established for political offences for almost two decades. Section 31 of the Broadcasting Act gives the state wide powers to remove 'subversives' from the airwaves. The building up of the police means that the south now has one of the highest ratios of police per head of population in Europe. From an initially unarmed force, the number of armed police has risen to one in five.

Second, the destruction of the northern state is the key to working-class unity. The type of unity built by the Irish Congress of Trade Unions has depended on ignoring the reality of discrimination. In all its campaigns for 'Peace, Jobs and Progress', it has never targeted the British army and the RUC as the source of the violence. As a result, this 'unity of the working class' amounts to nothing when sectarian tensions rise. If the southern working class showed in practice, however, that it was interested in removing the source of discrimination—the northern state—as part of a fight for a workers' republic, it could begin to break sizeable sections of Protestant workers from loyalism and unite itself as a class.

Third, the policy of the Irish Labour Party and the Workers Party—which asks southern workers to make the fight against terrorism their main priority—leads to political subordination to the southern state. Ever since the 1920s the Labour Party has argued for loyalty to the southern nation-state. In 1925 its leader Tom Johnson argued that the labour movement 'must preach the gospel of faithful service—for the uplifting of the nation—materially and spiritually.'¹³ This was his alternative to the

militant class-struggle policies advocated by Connolly. The southern state was then under much stronger attack from the republicans and Johnson felt that 'faithful service' was required from the labour movement to uphold it. Today the same message comes from the Labour Party and the Workers Party, which want the state to crush the 'fascist' IRA. This leads only to an alliance with the capitalist state and a block on independent class politics.

Fourth, and most important, the working class of any country has to take up the battle against oppression if it is to transform itself into a revolutionary class capable of winning its own freedom from oppression and exploitation. This point was hammered home by Lenin, who called on socialists not just to be trade-union secretaries but 'tribunes of the people'. The need to take up the issue of the oppression of northern Catholics does not mean that workers have to take up nationalist politics. The key to getting rid of the British army lies with the southern working class.

Yet the anti-imperialist movement has not tried to base itself on working-class interests. Instead it has looked to Fianna Fail nationalists, cultural activists and others—no matter where they have stood on class issues. Unity with such people has meant ignoring the issues which are uppermost in working-class people's minds.

Today those who are fighting to remove the British army have a stark choice. Either we continue to look to all nationalists, or we look to the strength of the working class. This means recognising that the reason Fianna Fail and Fine Gael collaborate with the British authorities is that they represent the Irish capitalist class—which wants political stability and is tied into world capitalism along with the British ruling class.

For the same reason—that they represent the Irish capitalist class—Fianna Fail and Fine Gael will do their utmost to push down the living standards of southern Irish workers. A connection must therefore be made between the fight of southern workers on economic and political issues and the fight being waged against oppression in the north. That connection cannot be made on a nationalist basis.

The calls for 'national economic development' and 'economic sovereignty' offer nothing for southern workers. The experience of the 1950s, when low wages drove thousands to emigrate, shows what a reactionary dream these ideas are. More widely, the failure of state capitalism in Eastern Europe shows that the idea that economic progress can be gained by developing a brand of nationalist capitalism, freed from 'imperialist culture', in a small, underdeveloped country is a dead end.

The interests of Irish workers lie in internationalism: in the struggle for a fight against capitalism across the globe. Contrary to nationalist myths, this does not mean sitting back and waiting for simultaneous world revolution. It means that those fighting the Irish capitalist class and its multinational allies recognise that there is no escape from capitalism until the struggle is extended to a world scale. The events in Eastern Europe, where Stalinist state-capitalist regimes have faced crisis after crisis at the hands of the workers, have testified to the international strength of the working class. The fight is for a workers' republic and international socialism, not an Eire Nua. For that we will need the red flag, not the green.

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The republicans argue that nationalist politics will suffice. the 'free State', they say, is not free at all, but a 'neo-colony' of Britain, still dominated economically despite the facade of political independence.

Thus the problems of the south - it is one of the poorest countries in Europe - and the oppression of the north have a common source: Britain.

This pamphlet reveals the fatal flaw in this argument, the reason why nationalist politics cannot link the two struggles. Marshalling a wealth of facts, Kieran Allen argues that southern workers confront, not Britain, but an independent *Irish* ruling class firmly allied to multinational capital. Workers north and south *do* have a common cause in the struggle for freedom, but one which can be won only by fighting for a workers' republic - not under the Green flag of nationalism.



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